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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

# Exploration for Placer Gold in the Suches Area Republic of Bolivia (BOL/88/N01)

## Recommendation of the Administrator

## I. BACKGROUND

1. The United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) received a request from the Government of Bolivia in 1988 to carry out a project of exploration for gold in the deposits of glacial detritus in northern Bolivia.

2. Following several evaluation missions by the Fund staff and in the company of COMIBOL to select areas with the greatest possibilities of exploration success, the Government and UNRFNRE came to an agreement on a project recommendation for exploration work in the Suches area.

3. The area selected is located in the Cordillera de Apolobamba north-west of the capital city, La Paz, between the small community of Ulla-Ulla and Lake Suches. Free placer gold is found in this area disseminated in the extensive glacial and fluvioglacial deposits along the south-west slopes on the High Cordillera. It is concluded that previous work, both extractive and exploratory, provides sufficient evidence of distribution and potential of gold in the Suches area. This evidence is further strengthened by the similarities with the glaciogenic deposits in Ananea, Peru, where significant, economically viable reserves of detrital gold were identified recently by a UNRFNRE project. The favourable characteristics of the Suches placer area include easy extraction and recovery of the target commodity (gold), potentially low mining costs and good access, as well as know-how and investment requirements within the reach of Bolivian mining companies. The Project Agreement between the Fund and the Government of Bolivia was signed on 30 June 1989.

## II. THE PROJECT

4. The principal objective of the project will be to identify placer gold reserves of economic interest. In addition, accessory minerals such as cassiterite, wolframite, rutile and zircon in the gravels may also be identified in economic quantities.

5. The Minimum Work will last about 16 months and will include the following activities:

(a) Compilation of existing data;

(b) Detailed glaciogeological mapping and classification, and hydrological surveys;

(c) Drilling and pitting: drilling by a specially designed large-diameter combined rotary/percussion system mounted on a truck; pitting as required;

(d) Provision and installation of a sample processing laboratory;

(e) Laboratory analyses;

(f) Provision of access to the project sites.

6. In carrying out the Minimum Work described above, the Fund will expend the equivalent of $1,300,000 to finance the services of nationally and internationally recruited staff, as well as to provide the necessary equipment, supplies and supporting services.

7. If the results of the Minimum Work are favourable, in order to define and evaluate more accurately the economic potential of individual deposit(s) to the point where, in the opinion of the Fund, development investment can be attracted, it is estimated that an additional expenditure of up to $900,000 will be required.

## III. FINANCIAL DATA

| UNRFNRE allocation | $ |
|---|---|
| Minimum Work | 1 300 000 |
| Possible additional expenditure for further activities following the Minimum Work | 900 000 |
| Total possible cost of the project | 2 200 000 |

8. It should be noted that the Administrator of the United Nations Development Programme (UNDP), in accordance with Governing Council decision 80/29 of 26 June 1980, approved the Minimum Work for the project on 12 July 1989. The financial assets of UNRFNRE are adequate to meet the cost of the project.

## IV. RECOMMENDATION OF THE ADMINISTRATOR

9. In light of the above, the Administrator recommends that the Governing Council take note of the approval by the Administrator of the Minimum Work for the project, Exploration for Placer Gold in the Suches Area, Republic of Bolivia (BOL/88/NO1) at a cost of $1,300,000 as an obligation of the UNRFNRE. In addition, the Administrator recommends that the Governing Council approve possible additional expenditure estimated at $900,000 for further activities following the Minimum Work.

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